



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Authorize purchase of replacement of AS400 Mid-range computer from Logical Design, Inc. (Rancho Cordova, CA) (\$120,817.78) (ISD)

MEETING DATE: September 18, 2002

PREPARED BY: Information Systems Manager

RECOMMENDED ACTION: Adopt resolution approving replacement of an AS400 computer from Logical Design, Inc. (Rancho Cordova, CA.) (ISD).

BACKGROUND INFORMATION: The IBM AS400 mid-range system is the City's "workhorse" computer, hosting a major applications, including the JD Edwards enterprise resource planning system and the Orcom billing program, among others.

The current AS400 was purchased in 1997 for \$236,460, however, the City has out-grown the system and it is now unable to keep up with the demands placed upon it. For example, it is not uncommon for Finance customers to be kept waiting in line because the computer system is too slow. These occasions are becoming more frequent as processing loads increase, and customers are complaining about the constant wait. Customer wait periods are not the

only inefficiencies being experienced. Batch processes, which need to be run during business hours, compete with online user activities for central processing unit (CPU) resources. This competition results in a marked slowdown for everyone trying to use the JD Edwards system and batch processes taking hours to complete.

Support Discontinuance

In addition, IBM is expected to announce that it will discontinue support for this older model computer. As a result, service contracts and part supplies will become increasingly unavailable. It is unadvisable to rely upon a computer system for which there are no parts or support available.

Limited time offer

IBM has announced a limited-time offer where new units may be purchased at a 50 percent discount. This means the City may purchase a new AS400 for half the list price, a savings of about \$100,000 (including various upgrades). Sale pricing is effective through September 30, 2002.

Financing

The current AS400, which was financed over 5 years, has been paid off. The budget has included an annual allocation of about \$50,000 to meet this obligation. This proposed purchase will be financed over a 24 month period, with two annual payments of approximately \$54,158. Accordingly, the City's budget will not increase as a result of this purchase. A favorable interest rate of about 6 percent will be applied by the lender, for a grand total of \$108,000, including interest.

Support and licensing

APPROVED: _____


H. Dixon Flynn -- City Manager



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Annual support for the new computer will be paid separately under a designated line item, as has been the case with the current unit. The annual support cost is approximately \$10,644. The new unit comes with a 90 factory warranty. The current licensing will be transferred to the new system, at no additional cost.

System implementation and migration

It is anticipated that migration of the City's current systems will be smooth and seamless since there will not be a change in operating systems or software platforms. It should be pointed out that the Orcom billing system will only operate on an AS400 computer. Until such time as the Orcom system is replaced the City will have no choice but to keep an AS400. The current AS400 does not support newer versions of the IBM operating system, which effectively limits the upgradeability of the City software packages. The City will now be able to purchase newer versions of the software packages being utilized.

In summary, it is recommended that the Council approve the purchase of a replacement AS400 computer for the following reasons:


- The current AS400 is under-powered for the demands being made of it today;
- IBM will cease support of the current AS400 model in 2 years;
- By buying the new box while "on sale" the City will save about \$100,000;
- Financing has been secured that will allow the City to make two annual payments of \$50,000, allowing the City to have the new box paid off within two years;
- The present AS400 has been paid off. This allows us to pay for the new box out of the same line item, with the same annual budget allocation of \$50,000, thus the purchase will not increase the budget;
- There will be an immediate, dramatic performance improvement for users of JD Edwards and Orcom. Batch processes currently taking as long as two hours to run will take only about 10 minutes. Also, online users (such as Finance customer service representatives) will not be competing with batch processes for CPU resources. The upshot is that speed and performance will greatly increase;
- Migrating systems from one box to another will be smooth because the system platforms will be the same;
- Disk capacity will be greatly expanded, eliminating concerns that our data storage is nearing capacity.

FUNDING:

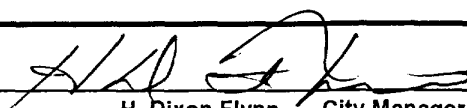
Information Systems 100411.7322

Down payment of \$12,501.78 and two payments of \$54,158 each to be made; one in 12 months after purchase and the last one in 24 months.


Vicky McAthie, Finance Director


Steve Mann, Information Systems Manager

APPROVED: _____


H. Dixon Flynn -- City Manager



September 11, 2002

Mr. Steve Mann
City of Lodi
212 West Pine Street
Lodi, CA 95242

Dear Steve,

Here is the final proposal for the new iSeries model 820 to replace your current model 510

IBM iSeries model 820

- 2436 processor
- 1522 interactive feature
- 1024MB main storage
- 10-35GB disk drives
- 2-RAID disk controllers
- CD-ROM
- DVD-Ram
- 8 twinax ports
- 3-100/10MB ethernet adapters, 1 on xSeries server
- PCI expansion tower
- Integrated xSeries server
- 1GB server memory
- 2 communication lines, 1 with built-in modem
- 2 Magnetic media controllers

IBM 3581 Magstar tape subsystem
IBM FAX software (5798-FAX)
IBM 7852-400 modem (used)

Utilizing the IBM Greenstreak promotion, the price to you for this system is \$112,501.78, which includes taxes and normal shipping.

With a down payment of \$12,501.78, North American Funding will finance the remaining \$100,000.00 of the purchase with two annual payments of \$54,158.00.

Feel free to call me with any additional questions or changes.

Sincerely,

Ron

Ron Coy

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GREENSTREAK PROMOTION

ENHANCE

"I am the CFO and if I were to pick **three of our most important decisions in the last five years, going to 9406-820 would be one of them.** Our ability to react to our users needs has improved 100%. I look very smart as a result."
- Model 820 Customer

"**This was the best investment we have ever made.** We really like this system. It is very fast, and handles our applications well."
- Model 270 Customer

Offer

Enhance your current infrastructure with iSeries and see exceptional application response time, substantial improvements in batch and backup performance and dramatically improved system operations.

Modernize existing applications - leverage Web tools and eOutput to extend your applications and data securely and reliably to customers, employees and partners.

Exploit new technologies -like Linux, LPAR, and Windows Server Integration to deliver new applications, reduce cost and complexity, and gain competitive advantage.



- For a limited time only, you can qualify for a 5250 interactive discount when you acquire an eligible new or processor upgrade to an IBM iSeries™ Model 270 or Model 820.
- When purchasing qualifying hardware, you may also be eligible for a special discount on qualifying software and Software Subscription.
- Special IBM Global Finance lease rates, lease extensions, reduced payments and available deferred payments may apply.

Offer Details

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RESOLUTION NO. 2002-195

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING PURCHASE OF AN AS400 COMPUTER

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WHEREAS, Lodi Municipal Code §3.20.070 authorizes dispensing with bids for purchases of supplies, services, or equipment when it is in the best interest of the City to do so; and

WHEREAS, in 1997 the City Council approved the purchase of an AS400 Mainframe Computer at a cost of \$236,460.00, which runs all the major software applications for the City, such as the JD Edwards enterprise resource planning system and the Orcom billing program among others; and

WHEREAS, the current AS400 has become underpowered for the demands being made of it today, and IBM will cease support of the current AS400 model in two years; and

WHEREAS, IBM is offering a limited-time offer for the purchase of a new AS400 at a 50% discount, thus saving the City approximately \$100,000.00; and

WHEREAS, staff recommends purchasing the new AS400 from Logical Design, Inc., of Rancho Cordova, California, in the approximate amount of \$100,000.00.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the replacement purchase of an AS400 computer from Logical Design, Inc., of Rancho Cordova, California, in the amount of \$120,818.00, which includes finance costs.

Dated: September 18, 2002

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I hereby certify that Resolution No. 2002-195 was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 18, 2002, by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Howard, Land, Nakanishi, and Mayor Pennino

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTON
City Clerk